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251703Z Feb 04

UNCLAS SECTION 01 OF 02 AMMAN 001453

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SUBJECT: LETTERS FROM THE GOVERNMENT OF JORDAN

1. The Embassy has received the following three letters regarding the Arab Bank from the GOJ.

2. Letter from Governor and Chairman of the Board of the Central Bank of Jordan Umayya Toukan to Ambassador Gnehm:

Your Excellency,

I am writing to Your Excellency with regard to the interest of the Arab Bank to reopen its branches in Iraq. As you might be aware, Your Excellency, the Arab Bank is the highest rated bank in Jordan in all aspects of its operations. Its management is highly regarded in Jordan due to its good governance standards and integrity. Furthermore, I had the opportunity to visit the OCC in New York who confirmed also that the Arab Bank in New York is highly regarded by the OCC.

I am enclosing to Your Excellency copies of a letter by H.E. the Prime Minister sent to H.E. Ambassador Paul Bremer as well as a letter to Dr. Shabibi, the governor of the Central Bank in Iraq on this issue. You might also recall that the issue was also raised during the visit of H.E. the Undersecretary of the Treasury for International Affairs Mr. John Taylor.

I hope Your Excellency will use your good offices to support our request regarding the presence of Arab Bank in Iraq.

Please accept, Your Excellency, the assurances of our highest consideration.

Yours Sincerely,

/S/

Umayya Toukan
Governor and Chairman of the Board
Amman, February 25, 2004

3. Letter from Prime Minister Faisal El Fayez to Administrator Bremer:

Dear Sir,

I am taking the liberty of sending you a copy of a correspondence to Dr. Sinan Shabibi, Governor of the Central Bank of Iraq by the Central Bank of Jordan regarding Arab Bank's application to resume its business in Iraq.

Allow me also to refer to your letter addressed to His Majesty King Abdullah II in which you requested His Majesty's help to facilitate a meeting between your people and the Arab Bank.

As you may also be aware, the Arab Bank has responded positively to a direct approach by the CPA inviting it to consider re-establishing an operating presence in Iraq, and the Bank subsequently submitted an application for a banking license in accordance with the terms of the RFA dated 5 November 2003.

I am sure, Your Excellency, that you will appreciate our disappointment in learning that the Arab Bank was not among the institutions selected to proceed in the licensing process, despite what I believe to be a complete business case submitted by the Bank. It is my understanding, however, that additional bank licenses may be issued shortly, and I am therefore writing to you now in the hope that you may want to look into the matter in order to give Arab Bank application's favourable consideration.

Please be assured that I would not have taken this initiative had I not been entirely convinced of Arab Bank's ability and commitment to contribution to the development of Iraq's economy, which of course is ultimately also in the interest of the Jordanian economy.

Kind regards,

/s/

Faisal El Fayez

Attachment: Letter to Dr. Sinan Shabibi

14. Letter from Governor and Chairman of the Board of the Central Bank of Jordan Umayya Toukan to Central Bank of Iraq Governor Shabibi:

February 8, 2004

Your Excellency,
I am writing to you with reference to the licensing of non-Iraqi banks in Iraq. Arab Bank, a distinguished Jordanian bank, which has strongly established itself regionally and internationally, has expressed interest to re-open its branches in Iraq. The Central Bank of Jordan, as the regulatory authority for banks in Jordan, would like to strongly support Arab Bank in this interest to re-open in Iraq. Arab Bank is highly rated by established rating institutions, and I myself had the opportunity to visit the OCC in New York, who also confirmed that Arab Bank in New York is highly regarded by them. We regularly inspect the financial statements of Arab Bank on a consolidated basis and it is granted the top rating in all the aspects of the CAMEL rating system. Its management is respected in Jordan due to its good governance standards and integrity.

More significantly, Arab Bank enjoys a well-deserved reputation for successful banking operations and for its proactive lending policies to the economies and infrastructure of the region. We have therefore no doubt that they will equally be able to contribute in an effective way towards the development of Iraq's economy and to the performance of its banking system.

We understand that three banks have already been licensed to operate in Iraq. We sincerely hope that Arab Bank will be afforded the opportunity to operate in Iraq as the fourth non-Iraqi Bank.

Yours sincerely,

/S/

Dr. Umayya Toukan
Governor, Chairman of the Board

15. Following, for reference, is the text of the letter to King Abdullah referred to in paragraph two of Prime Minister El Fayez's letter to Administrator Bremer (para 3 above):

Your Majesty:

Allow me to thank you for the courtesy of receiving my colleagues during their visit to Amman earlier this month. Our discussions with your officials continue and have been fruitful.

I appreciate your deep interest in our efforts here and know of your wish to find ways of greater economic cooperation between Iraq and Jordan. A primary concern of ours is to expand international banking relationships. I understand that the Arab Bank has expressed an interest in Iraq. They are, of course an excellent bank with an outstanding reputation.

Because of our needs I have asked two of my close colleagues to visit the Arab Bank in Jordan. They are Peter McPherson, Director of Economic Development and Tom Foley, Director of Private Sector Development. I would like them to come to Jordan as soon as possible to discuss ways in which the Arab Bank of Jordan might be able to assist as in developing an urgent program for small and medium-size business loans. While we can communicate directly with the Arab Bank, it would mean a great deal to us if you could ask them to receive my colleagues early in the week so that this important work can begin at once.

Thank you once more for your continuing support and assistance.

Sincerely,

/S/

16. Paul Bremer III
Administrator
GNEHM